

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

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COMMISSION

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----- In the Matter of -----) DOCKET NO. 2009-0108
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PUBLIC UTILITIES COMMISSION)
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Instituting a Proceeding to)
Investigate Proposed Amendments To)
The Framework for Integrated)
Resource Planning)
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THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM'S
MOTION TO INTERVENE

AND

CERTIFICATE OF SERVICE

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THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM'S
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The Department of Business, Economic Development, and Tourism ("Department" or "DBEDT"), by and through its Director (Director) in his capacity as the Energy Resources Coordinator, through the undersigned Deputy Attorney General, hereby moves to intervene in the matter before the Public Utilities Commission ("Commission" or "PUC") in Docket No. 2009-0108, to Investigate the Proposed Amendments To the Framework for Integrated Resource Planning, pursuant to Chapter 6-61 Hawaii Administrative Rules, Rules of Practice and Procedure Before the Public Utilities Commission. The Department does not require a hearing on this motion.

By letter dated April 28, 2009, the Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui

Electric Company, Limited (collectively the "HECO Companies"), Kauai Island Utility Company (KIUC), and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate" or "CA") requested the Commission to open an investigatory docket to review and establish the Clean Energy Scenario Planning Framework (CESP Framework). The CESP is one of the mechanisms identified and supported by the Parties to the Energy Agreement entered into on October 20, 2008, by the Governor of the State of Hawaii, DBEDT, the HECO Companies, and the CA, to support the achievement of the Hawaii Clean Energy Initiative's (HCEI) goal of energy independence and security by transitioning the State to meet 70% of its energy needs with clean renewable energy by 2030.

The CESP process supported in the Energy Agreement is envisioned to replace the current Integrated Resource Planning Framework (IRP Framework) established by the Commission in Decision and Order No. 11523 issued on March 12, 1992, as amended in Decision and Order No. 11630 issued on May 22, 1992, in Docket No. 6617. The CESP will replace the IRP as the utilities' long-term resource planning process to identify the demand side and supply side resources, as well as the transmission infrastructure requirements to meet Hawaii's electricity demand in the future in an integrated and comprehensive manner. Additionally, the CESP transmission

planning will be coordinated with the utilities' distribution planning and will provide Location Value Maps (LVM) that will identify the geographic areas of distribution system growth where distributed resources and energy efficiency would be beneficial within the existing transmission and distribution system limits. The proposed CESP framework will also include the identification of Renewable Energy Zones (REZ) or geographic areas of the islands that are rich in renewable energy resources, and identify the transmission infrastructure needs and improvements required to accommodate and facilitate the development of the renewable resources in these areas.

It is submitted herein that this proceeding, which would investigate the utilities' proposed CESP framework and other proceedings instituted by the Commission to explore ways to implement elements of the comprehensive Energy Agreement, must all form parts of an overall, integrated program of regulatory measures to support the increased use and development of Hawaii's renewable energy resources, and will thereby impact the essential missions of the Department. As a party to the comprehensive Energy Agreement and by virtue of the statutory role and duties of the energy resources coordinator (ERC), as well as the Department's functions, the Department is a relevant, helpful, and necessary party to this proceeding.

The Department seeks to intervene and become a party to this proceeding pursuant to Hawaii Administrative Rule 6-61-55 on the following grounds:

1. **The nature of the Department's statutory and other right to participate.** The Department's direct and substantial interest stems from Section 26-18(a), HRS, which states in pertinent part its statutory responsibilities:

The Department shall undertake statewide business and economic development activities, undertake energy development and management, provide economic research and analysis, plan for the use of Hawaii's ocean resources, and encourage the development and promotion of industry and international commerce through programs established by law. (Emphasis added.)

Moreover, Section 196-3, HRS, provides for the statutory appointment of the Director to serve as the "energy resources coordinator". The State ERC has been provided the following relevant powers and duties pursuant to section 196-4, HRS:

(1) Formulate plans, including objectives, criteria to measure accomplishments of objectives, programs through which the objectives are to be obtained, and financial requirements for the optimum development of Hawaii's energy resources;

(2) Conduct systematic analysis of existing and proposed energy resource programs, evaluate the analysis conducted by government agencies and other organizations and recommend to the governor and to the legislature programs which represent the most effective allocation of resources for the development of energy sources;

(3) Formulate and recommend specific proposals, as necessary, for conserving energy and fuel, including the allocation and distribution thereof, to the governor and to the legislature;

. . . .

(8) Serve as consultant to the governor, public agencies and private industry on matters related to the acquisition, utilization and conservation of energy resources; (Emphasis added.)

Additionally, House Bill No. 1464, which provides comprehensive energy initiatives designed to help achieve the HCEI goals, was approved by the legislature and pending the Governor's signature. This bill provides statutory changes to expand the ERC's duties directly relating to the identification and designation of renewable energy zones (REZs), one of the critical elements included in the CESP process. The ERC's duties are expanded to include:

1. Formulation of a systematic process, including the development of requirements, to identify and designate renewable energy zones (REZs);
2. Development and recommendation of incentives, plans, and programs to encourage the development of renewable energy resource projects within the REZs; and
3. Assistance in identifying utility transmission projects or infrastructure that are deemed critical to the development of renewable energy resources, as well as assisting in

accessing the use of special purpose revenue bonds to help finance such infrastructure projects.

The nature and extent of the Department's interests are thus mandated by statute. The Legislature has delegated broad authority to the Department for energy development and management, and its interests are directly related to meeting Hawaii's energy needs through the increased use and development of renewable energy resources, thereby ensuring Hawaii's energy independence and security.

Since the objective of this docket is to investigate the utilities' proposed CESP framework and process, any order issued by the Commission in this docket will directly affect the Department's statutory obligations.

2. The nature and extent of the Department's property, financial, and other interest. The State of Hawaii is the second largest consumer of electricity in Hawaii, with an annual usage of 700 gigawatt-hours (GWH), and an annual electricity cost of \$136M. The implementation of any utility resource planning process that will impact the development and addition of new renewable resources to the utility grid, reducing Hawaii's dependence on imported fossil fuels and providing price stability and energy security, and ultimately lowering Hawaii's energy costs in the long-term, will have significant impact on the state government's energy costs. The utilities' long-term

resource plan will have financial implications for those planning and pursuing development of energy resources in Hawaii, and would impact the achievement of the HCEI goals.

3. The effect of the pending proceedings as to the Department's interest. As explained above, the Department's interest in intervening in this proceeding is based on (1) the effect of the results of this proceeding on the Department's execution of its statutory functions and the ERC's statutory role and duties, (2) the financial implications related to development of renewable energy resources, and (3) the fact that as a signatory to the Agreement, which led to the Department's intervention in the other dockets initiated by the Commission pursuant to the Energy Agreement, the Commission's findings with respect to the utilities' long-term resource planning process will impact the Department's activities and initiatives relating to the achievement of the HCEI goals.

4. Other means available whereby the Department's interest may be protected. There are no other means available whereby the Department's interest may be protected, because the Department's statutory interests cannot be advocated by the parties in this docket.

5. The extent to which the Department's interest will not be represented by existing parties. At this point, the existing parties to this proceeding are the HECO Companies, KIUC, and the Consumer Advocate. The parties are cognizant of the fact that the interests of the incumbent electric utilities are different and are not perfectly aligned with the Department's interests.

The Consumer Advocate may have positions that are similar to some of those of the Department, but this does not assure adequate protection or representation of the Department's broader statutory interests. The statutory responsibility of the Consumer Advocate under section 269-51, HRS, requires it to "represent, protect, and advance the interest of consumers of utility services" (emphasis added). The Department represents a broader perspective, and its positions may be different from solely the interest of consumers of utility services. In other words, since the Department plays a role in this area greater than merely representing consumers, and the Consumer Advocate's role is statutorily limited to that group, the Consumer Advocates cannot fully represent the Department regarding the full range of issues before the Commission in this proceeding, nor should it be expected to.

6. The extent to which the Department's participation can assist in the development of a sound record. The Department

submits that its expertise in energy planning, analysis, policy development, and knowledge of the renewable energy market and technologies will assist the Commission and the parties in this docket by providing relevant studies, surveys and other information related to institutional, policy, financial, and other issues related to the Commission's consideration of the utilities' resource planning.

Consistent with §196-4, HRS, relating to the ERC's "Powers and Duties", there is historical precedent for the Department's intervention in Commission dockets of this type. For instance, the Department was a party in Docket No. 6617 which established the current IRP Framework that guides and directs the utilities' current generation resource planning process. In this instance, the Department has the capability to analyze and provide perspective on potential docket-related effects (benefit/costs) on all sectors of statewide energy systems, taxpayers and economy, and other relevant energy policies, all of which could supplement, without unnecessarily duplicating, the Consumer Advocate's focus on consumer benefit/costs.

Thus, only the Department can provide that larger economic and taxpayer perspective, which for the Consumer Advocate and consumers could present an internal conflict. There are additional issues and complexities that the docket will address, which will also present certain internal conflicts for the

existing parties, but for which the Department is in a unique position to offer support, data, and guidance.

7. The extent to which the Department's participation will broaden the issues or delay the proceeding. The Department would be unlikely to broaden the issues or delay this proceeding, especially since it would not only be against its own interests, but also against the needs of the people of the State and the Energy Agreement.

8. The extent to which the Department's interest in the proceeding differs from that of the general public. As explained more completely above, the Department is a party to the Energy Agreement, and has a statutory obligation to coordinate the State's development of energy efficiency programs and renewable energy resources. Although this policy and its indirect effects are of interest to the general public, and the Consumer Advocate is well-equipped to represent them, their interests with regard to the statutory mission are minimal. For the representation of that important interest, the Department must be a party to this proceeding.

9. The Department's position with respect to the relief sought. Given the totality of the circumstances, and with due

regard to the issues that will be addressed in this proceeding, the Department concludes that it has both unique and important information and arguments to offer with regard to the investigation and evaluation of the utilities' proposed CESP framework and process.

Therefore, and in conclusion, the Department respectfully requests that it be granted intervenor status and become a party to this proceeding.

DATED: Honolulu, Hawaii, June 3, 2009.



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Deputy Attorney General

Attorney for the Department of
Business, Economic Development,
and Tourism .

Certificate of Service

I hereby certify that I have this date served a copy of the foregoing Motion To Intervene by the Department of Business, Economic Development, and Tourism in PUC Docket Number 2009-0108, upon the following parties, by delivering the original and eight copies to the PUC, two copies to the Consumer Advocate, and by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each of the parties listed below.

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DATED: Honolulu, Hawaii, June 3, 2009.



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